

# Introduction



The *Direct Loan School Guide* serves as a basic orientation to the processes that a school must use to make Direct Loans and to provide continuing support to its student borrowers.

Schools that are beginning to participate in one or more of the Federal Student Aid (FSA) programs should first read the *New School Guide* (revised edition available Summer 2009).

## ■ ORGANIZATION OF THE DL SCHOOL GUIDE

The *DL School Guide* has been organized in terms of the functions that a school typically performs. At each step in the aid process, the *Guide* maps the administrative requirements for participating schools to the systems data that the school exchanges with the Department. In a sense, it demonstrates how the school requirements in the *Federal Student Aid Handbook* can be implemented by using the features described in FSA systems and software documentation.

The topics in the *Guide* are organized into seven chapters:

*1 – Borrower Eligibility* We begin with a review of the basic student eligibility requirements, showing which requirements are monitored through the FAFSA application process, and which requirements (such as enrollment and satisfactory progress) have to be checked with other school records.

*2 – Master Promissory Note (MPN)* With the advent of the *eMPN* on the Web, you may choose to allow your students to file the MPN electronically directly with the Direct Loan Program. However, we have also provided instructions for handling paper MPNs.

*3 – DL Awards and Payments* This chapter gives an overview of how Direct Loan amounts are determined, based on the student's grade level and the length of the payment periods and academic year.

*4 – Using COD to Make a Direct Loan* Once you've computed the amounts and dates of the disbursements, you must send the loan information to the COD system, as discussed in this chapter.

*5 – Drawing Down & Disbursing Funds* This chapter focusses on the processes in your school's business office, including the drawdown of funds from the Department's G5 payment system and the delivery of those funds (by credit to account or direct payment) to the student.

*6 – Reconciliations & Closeout* The amounts that your school draws down from G5 must be reconciled with the award information that you have sent to the COD system, as tracked on the School Account Statement that you receive from COD.

*7 – Borrower Care* As the point of contact for financial aid awards, your school plays a vital role in making sure that the borrower understands his or her loan obligation and the current status of his/her loans.

## ■ FURTHER ASSISTANCE

The Direct Loan home page provides program updates and current information for students and financial aid professionals:

[www.direct.ed.gov](http://www.direct.ed.gov)

You can find additional training resources, including 24/7 Web tutorials, hosted Webinars, and registration for “live” training by going to :

[www.ed.gov/FSA/training](http://www.ed.gov/FSA/training)

One of the most important continuing resources for all participating schools is the Information for Financial Aid Professionals (IFAP) Web site :

[ifap.ed.gov](http://ifap.ed.gov)

Participating schools are specifically required to have access to IFAP and its contents, since IFAP is the means by which the Department notifies schools of FSA program requirements. We strongly recommend that you bookmark the IFAP Web site and sign up for daily or weekly notification of Electronic Announcements that are posted on this site.

The IFAP Web site has current phone numbers and e-mail addresses for FSA call centers, listed under the “Help” menu. (Select “Contact Information” and then “Service Centers for Schools.”)

## ■ FEEDBACK

We hope that you find this Guide helpful in setting up your school’s procedures and delivering Direct Loan funds to students.

If you have comments or suggestions about ways to make this *Guide* more useful please feel free to send them to the Publications group at:

[fsaschoolspubs@ed.gov](mailto:fsaschoolspubs@ed.gov)